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No. 14-1538

IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION; INVITROGEN IP HOLDINGS, INC.; APPLIED BIOSYSTEMS, LLC,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

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I. STATEMENT OF INTEREST [1]

The American Intellectual Property Law Association ("AIPLA") is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private and corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. AIPLA's mission includes providing courts with objective analysis to promote an intellectual property system

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[1] Pursuant to Supreme Court Rule 37.6, AIPLA states that this brief was not authored in whole or in part by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. Specifically, after reasonable investigation, AIPLA believes that (a) no member of its Board or Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter; (b) no representative of any party to this litigation participated in the authorship of this brief; and (c) no one other than AIPLA, its members who authored this brief, and their law firms or employees made a monetary contribution to the preparation or submission of this brief.

The parties' counsel of record received timely notice of AIPLA's intention to file this brief, and all parties have provided their written consent. Letters evidencing consent to the filing of this brief are being filed with the Clerk of the Court pursuant to Supreme Court Rule 37.3.

that stimulates and rewards invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

AIPLA has no stake in any of the parties to this litigation or in the result of this case. AIPLA's only interest is in seeking correct and consistent interpretation of the law as it relates to intellectual property issues.

II. INTRODUCTION AND SUMMARY OF THE ARGUMENT

The Court is asked to consider whether a single component can be a "substantial portion of the components" for purposes of imposing patent infringement liability under 35 U.S.C. § 271(f)(1). The Federal Circuit correctly rejected the district court's quantitative reading of the statute. An interpretation of § 271(f)(1) that mandates the supply of multiple components to meet the "substantial portion" requirement is neither required by the language of the statute nor supported by the legislative history.

In addition, a quantitative-only approach to § 271(f)(1) has practical problems. For example, an accused infringer who supplies multiple but relatively unimportant components could be held liable for infringement. But an accused infringer who supplies a single but crucially important component of a multi-component invention would not. Such results would be inconsistent with the statutory language that explicitly addresses the supply of a

"substantial portion of the components," not necessarily multiple components.

In considering how § 271(f)(1) should be interpreted, the courts and parties have largely adopted an either/or approach: either the statute requires a quantitative test or it requires a qualitative test. While the statutory language and legislative history support a primarily qualitative analysis, it is entirely appropriate to consider the number of supplied components, though that number should not be a gating factor. Instead, whether supplied component(s) are a "substantial portion of the components of a patented invention" should be primarily assessed based on the importance of the supplied components to the overall invention as determined by considering the disclosure of the specification.

AIPLA thus urges the Court to adopt a flexible standard for infringement under § 271(f)(1), rooted in a qualitative analysis of the disclosure in the specification and also considering the number of supplied components.

III. ARGUMENT

The determination of liability for infringement under 35 U.S.C. § 271(f)(1) in this case turns on whether supplying a single component can qualify as supplying a "substantial portion" of the components of a patented invention. *See* Pet. at i. The statute provides:

> Whoever without authority supplies or causes to be supplied in or from the United States *all or a substantial portion of the components* of a patented invention, where *such components* are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

35 U.S.C. § 271(f)(1) (emphases added).

The correct interpretation of § 271(f)(1) does not require a strictly quantitative analysis of the number of supplied components. Rather, the statutory phrase "substantial portion" requires an analysis of the significance of the supplied component(s) relative to the overall claimed invention, while taking into account the number of supplied component(s) as a relevant factor. Such an analysis is supported by the statutory language, the legislative history, a comparison with other statutory provisions, and the Court's decision in *Microsoft*. It is also not inconsistent with the presumption against extraterritorial application of U.S. patent law.

A. Section 271(f)(1) Should Be Interpreted as Requiring a Qualitative Analysis of the Supplied Component(s) Relative to the Claimed Invention, While the Number of Supplied Components May Also Be Considered

1. The Plain Language of § 271(f)(1) Does Not Mandate that "Portion" Be Read as More Than One Component

The language of the statute, "substantial portion of the components," does not necessarily mean the term "portion" must be read as multiple components. *See Bilski v. Kappos*, 561 U.S. 593, 603 (2010) ("In patent law, as in all statutory construction, [u]nless otherwise defined, words will be interpreted as taking their ordinary, contemporary, common meaning." (alteration in original) (internal quotation marks omitted) (quoting *Diamond v. Diehr*, 450 U.S. 175, 182 (1981))). When § 271(f)(1) states "where such components are uncombined," it is referring to the totality of the components from which a "portion" is supplied by an accused infringer—it does not engraft a multiple-component requirement onto the "substantial portion" identified in § 271(f)(1).

The definition of "portion"—"a part of a whole"—does not distinguish between one part or multiple parts of the whole. *American Heritage College Dictionary* 966 (2d ed. 1991). By referring to "a part," the definition evidences that the statutory "portion" may include a single part.

By modifying "portion" with "substantial," the statute makes clear that the "portion" must be important, but does not require that the "portion" comprise multiple components of the claimed invention. Instead, the definition of "substantial" supports a qualitative analysis in applying § 271(f)(1). *Id.* at 1213 (defining "substantial" as "[o]f, pertaining to, or having substance; material"). The word "substantial" thus does not impose a minimum numerical threshold on the "portion of the components" recited in § 271(f)(1). *See id.* Had Congress wished to impose such a numerical threshold, it could have written § 271(f)(1) to require "two or more" components or a minimum percentage of the total components. Congress did not do so. *See Lopez v. Gonzales*, 549 U.S. 47, 61, 65 (2006) ("[W]e must interpret what Congress actually wrote, not what it could have written.").

Nor does the fact that the statute presents "substantial portion of the components" as an alternative to "all components" necessarily require that the alternative consist of multiple components. 35 U.S.C. § 271(f)(1). Instead, the inclusion of the phrase "substantial portion" in the statute demonstrates that § 271(f)(1) liability is intended to be broader than the *Deepsouth* "loophole" § 271(f)(1) was enacted to close. *See, e.g., Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 458 & n.18 (2007).

In addition, engrafting a numerical requirement onto "substantial portion" begs the question: what is the numerical requirement? Is it more than two, as the district court reasoned? *See*

slip op. at 22. Or is it a "quantitatively substantial percentage" of the components, as the United States posits? U.S. Br. at 16. Or does it mean "'large' or 'considerable' in quantity," as urged by the Petitioner? Pet. at 23. Interpreting the statute as mandating a numerical minimum but then leaving that minimum unclear does not assist courts or litigants in assessing infringement under § 271(f)(1).

2. A Strictly Numerical Interpretation of "Substantial Portion" in 35 U.S.C. § 271(f)(1) Would Cause Imprecise "Component" Counting to Drive the Infringement Analysis

A strictly numerical interpretation of the phrase "substantial portion" in § 271(f)(1) would result in infringement determinations based on imprecise "component" counting. In *Microsoft*, the Court noted that a "'[c]omponent' is commonly defined as 'a constituent part,' 'element,' or 'ingredient.'" 550 U.S. at 449 n.11 (citation omitted). Under this definition, engaging in an exercise of "component" counting is at best difficult and at worst fraught with inconsistent results. Such counting of "components" also would improperly exalt the format in which a patent claim is drafted over the significance of the actually supplied component(s). *See, e.g., Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2360 (2014) (stating that patent eligibility under 35 U.S.C. § 101 should not "depend simply on the draftsman's art" (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012))).

Problems associated with counting components to determine infringement are demonstrated by a hypothetical patent claim similar to the claims at issue in *Deepsouth.* Consider the following three-element claim:

> 1. A machine comprising:
>
> (a) an inclined trough;
>
> (b) a blade inclined along a path down the trough; and
>
> (c) an attachment mechanism containing upper, middle, and lower fasteners for attaching the blade to the trough.

See, e.g., *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 520 (1972) (describing a claimed machine for deveining shrimp, which "exposed the veins of shrimp by using water pressure and gravity to force the shrimp down an inclined [trough]. . . .").

If a party supplied from the United States a trough and a blade (i.e., elements (a) and (b)), a numerical standard for infringement under § 271(f)(1) would likely generate inconsistent results. Assuming a numerical standard means supplying more than 50% of the "components" of a patented

invention,[2] the supplier may infringe by supplying two out of the three claim elements, assuming that a claim element is considered a "component" under § 271(f)(1). But if the drafter of claim 1 had written element (c) as three separate elements instead of one (e.g., (c1) upper fastener, (c2) middle fastener, and (c3) lower fastener), then there may be no infringement because the party supplied fewer than a majority of the components—only two of five. Under either scenario, the result is unclear and arbitrary, depending on how the "components" are counted.

The risks of a purely numerical analysis are not mitigated by a standard that simply asks whether a party has supplied more than one "component" of the patented invention instead of a majority of them. Assume, for example, that a party supplied only two of the fasteners in element (c) of claim 1, i.e., the upper and middle fasteners. In this scenario, it is unclear whether the party has supplied two components, elements (c1) and (c2), or whether the party has supplied just one component, part of element (c). The answer could be both, or it could be neither. Because element (c) recites three fasteners and the party has only supplied two of them, a court might find that the party supplied zero "components" if a component is considered an entire claim element. Or a court could find that the party supplied one component by supplying part of

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2 The United States argues that "a substantial portion of the components" means "a quantitatively substantial percentage of those components." U.S. Br. at 16.

element (c). Or a court could find, consistent with the broad definition of "component" provided in *Microsoft*, that the party supplied two "components" by supplying two different "parts" of the claimed machine.

Considering a "[c]omponent" to be a "part," "element" or "ingredient," as the Court did in *Microsoft*, would therefore lead to imprecise and inconsistent results if component counting drives the § 271(f)(1) infringement inquiry. *See Microsoft*, 550 U.S. at 449 n.11 (citation omitted). A single claim element, such as any of elements (a) through (c) in claim 1 above, might be interpreted as a single "component" under the statute. But the single claim element (c) could also be counted as multiple "components." Conversely, multiple claim elements, e.g., fasteners (c1)-(c3), could be counted as a single "component." Such counting, meanwhile, fails to account in any way for the importance of any "component" relative to the claimed invention as a whole.

Consistent with the admonition in *Alice* that patentability should not depend on the draftsman's art, 134 S. Ct. at 2360, infringement liability should not turn on whether supplied "components" are presented as multiple claim elements, as a single claim element, or as a part of a claim element. The choice of claim format should make no difference to the substantiality of a supplied component relative to the underlying invention for purposes of an analysis under § 271(f)(1). Doing so would truly exalt form over substance. Component counting should

therefore not be determinative in an infringement analysis under § 271(f)(1).

3. Comparing the Sub-Sections of § 271(f) Does Not Mandate that "Substantial Portion" Be Read as More Than One Component

In assessing the meaning of "substantial portion of the components," both the district court and the Federal Circuit compared § 271(f)(1), reciting a "substantial portion of the components," with § 271(f)(2), reciting "any component." *See* slip op. at 28-29; 2012 U.S. Dist. LEXIS 190681, at *16-18. So did Petitioners, Respondent, and the United States. Pet. at 23-25; Resp't Br. at 5-6; U.S. Br. at 17-18.

That comparison does not mandate that the term "substantial portion" be read to require more than one component. Sections 271(f)(1) and (f)(2) do not address alternative forms of infringement, one in which multiple components are supplied and another in which a single component is supplied. Instead, § 271(f)(1) assigns liability for a type of induced infringement while § 271(f)(2) assigns liability for a type of contributory infringement. It is within this context that the statutory scheme of § 271(f) must be considered.

For example, by reciting "any component," § 271(f)(2) imposes infringement liability for supplying potentially less than a "substantial portion of the components of a patented invention." But in doing so, the statute includes additional

requirements elevating the qualitative standard. First, the "any component" cannot be a staple article or commodity of commerce suitable for substantial non-infringing use. Second, the component must be especially made or especially adapted for use in the invention. The statute further requires the supplier to act with knowledge and intent. *Compare* 35 U.S.C. § 271(f)(2), *with* 35 U.S.C. § 271(c).

By contrast, § 271(f)(1) imposes infringement liability for supplying a "substantial portion" of components without any "commodity" or "especially adapted" restrictions. And § 271(f)(1) mandates that the supplier engage in active inducement, rather than merely supplying component(s) with subjective knowledge and intent, as required in § 271(f)(2). *Compare* 35 U.S.C. § 271(f)(1), *with* 35 U.S.C. § 271(b).

The legislative history confirms that § 271(f)(1) was enacted to impose liability for a type of induced infringement, mirroring § 271(b). Section 271(f)(2), meanwhile, was enacted to impose liability for a type of contributory infringement, mirroring § 271(c). 130 Cong. Rec. H10,522, H10,525-26 (daily ed. Oct. 1, 1984) (statement of Rep. Kastenmeier) (stating that the language of § 271(f)(1) was "drawn from existing subsection 271(b) of the patent law, which provides that whoever actively induces patent infringement is liable as an infringer," while the language of § 271(f)(2) came "from existing section 271(c) of the patent law, which governs contributory infringement").

This drafting relationship between § 271(f)(1) and § 271(b) indicates that the supply of just one component may, in some circumstances, give rise to infringement liability under § 271(f)(1). For product claims, for example, § 271(b) infringement may occur where a party induces another to merely "install[] the *final part* and thereby complete[] the claimed invention . . . ." *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305-06 (Fed. Cir. 2012) (en banc) (emphasis added), *rev'd on other grounds*, 134 S. Ct. 2111 (2014). The absence of a minimum, numerical "component" threshold in § 271(f)(1) is thus supported by analogy to its counterpart statute, § 271(b), where induced infringement liability of product claims may occur based on the addition of a single "part."

Further, the legislative history of § 271(f) imparts no talismanic significance to the number of supplied components. *See generally* 130 Cong. Rec. at H10,525-26. Considering the differences in purpose of its two sub-sections, the overall statutory scheme of § 271(f) thus does not draw any rigid, quantitative lines. The legislative history, however, does identify the "commodity" status of a component as a relevant factor for courts to consider as part of an infringement analysis:

> Under paragraph (f)(1) the components *may be staple articles or commodities of commerce* which are also suitable for substantial non-infringing use, but under paragraph (f)(2) the components *must be especially made or adapted for use* in the invention.

Id. at H10,526 (emphases added).

Finally, the use of the plural language "such components" in § 271(f)(1) and the singular language "any component" in § 271(f)(2) does not suggest, much less require, a different result. The Dictionary Act, in its first two interpretive principles, states that "words importing the singular include and apply to several persons, parties, or things," and that "words importing the plural include the singular," unless the context indicates otherwise. 1 U.S.C. § 1. Here, the context does not suggest otherwise, since the sub-sections of § 271(f) are directed to different types of infringement, i.e., induced and contributory. Absent a clear mandate for the supply of at least two components, the Dictionary Act supports an interpretation of "a substantial portion of the components" as encompassing a "portion" that consists of only a single component. *See Bruce v. Samuels*, 136 S. Ct. 627, 632 n.4 (2016) (citing the Dictionary Act, 1 U.S.C. § 1, in support of its conclusion that the use of the plural "fees" in a statute did not affect its opinion that the statute as a whole was directed to a singular, per-case approach to filing-fee payments under 28 U.S.C. § 1915(b)(2)).

4. The Court's Decision in *Microsoft* Does Not Support an Exclusively Numerical Infringement Analysis

This Court's decision in *Microsoft*, which offered a footnote discussion of § 271(f)(1) and (f)(2), does not mandate that § 271(f)(1) be interpreted as requiring an exclusively numerical analysis. *See* 550 U.S. at 454 n.16. Although the footnote

acknowledges a difference in the quantity that *must* be supplied under each provision, it also acknowledges that § 271(f)(1) *may apply* to the supply of a single component:

> Our analysis, while focusing on § 271(f)(1), is equally applicable to § 271(f)(2). While the two paragraphs differ, among other things, on the quantity of components that must be "supplie[d] . . . from the United States" for liability to attach, that distinction does not affect our analysis. Paragraph (2), *like (1)*, covers only *a "component"* amenable to "combination." Paragraph (2), *like (1)*, encompasses only the "suppl[y] . . . from the United States" of *"such [a] component"* as will *itself* "be combined outside of the United States."

Id. (alterations in original) (emphases added) (citations omitted).

The Court also addressed § 271(f)(1) and (f)(2) in a consistent manner in a later footnote, where it concluded that both paragraphs provide for broader infringement liability than necessary to close the *Deepsouth* loophole. Again, the Court did not express any numerical requirement for infringement under § 271(f)(1):

> While Deepsouth exported kits containing *all* the parts of its deveining machines, § 271(f)(1) applies to the supply abroad of "all or a substantial

> portion of" a patented invention's components. And § 271(f)(2) applies to the export of even a single component if it is "especially made or especially adapted for use in the invention and not a staple article of commodity of commerce suitable for substantial noninfringing use."

Id. at 458 n.18.

These footnote discussions admittedly are dicta because the Court's analysis was not focused on the significance of how many components were supplied. They however support construing § 271(f)(1) as potentially imposing infringement liability for the supply of a single "component" of a patented invention, so long as that component is a "substantial portion of the components of [the] patented invention," and the supplier has also "actively induce[d] the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States." 35 U.S.C. § 271(f)(1).

B. Whether a Party Has Supplied a "Substantial Portion of the Components of a Patented Invention" Should Involve Consideration of the Significance of the Supplied Component(s) Based on Claim Construction Principles

It is a truism that a patent claim is interpreted in view of the specification of which it is

a part. *See, e.g., United States v. Adams*, 383 U.S. 39, 48-49 (1966) ("[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention." (citations omitted)). This principle should guide the analysis of whether an accused infringer has supplied a "substantial portion of the components of a patented invention" under § 271(f)(1).

An analysis rooted in interpreting claims in view of their supporting disclosure will demonstrate that not all components of a patented invention are created equal. The text of § 271(f) embodies this principle by, for example, exempting the supply of "commodity" components from infringement under § 271(f)(2), while potentially encompassing such conduct as infringing under § 271(f)(1) by omitting that restriction. *See* 130 Cong. Rec. at H10,526.

An analysis of the claimed invention in view of the patent specification provides the best overall guide to whether a particular component rises to the qualitative standard of being a "substantial portion of the components of a patented invention." 35 U.S.C. § 271(f)(1); *see Bates v. Coe*, 98 U.S. 31, 38 (1878) ("[I]t is proper in all cases to refer back to the descriptive portions of the specification to aid in solving the doubt or in ascertaining the true intent and meaning of the language employed in the claims . . . ."); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (en banc) ("[C]laims 'must be read in view of the specification, of which they are a part.' . . . [T]he specification 'is always highly relevant to the claim construction analysis. Usually,

it is dispositive; it is the single best guide to the meaning of a disputed term.'" (citations omitted)).

The patent specification will often identify the "components" of a patented invention that represent the essential features of the invention, and that are therefore of significance and more likely to be a "substantial portion of the . . . patented invention" under § 271(f)(1). Likewise, the patent specification will often identify "standard components" that may be used to complete the invention, but which, supplied alone, are much less likely to be a "substantial portion" of the components of a patented invention. *See, e.g.*, *Quanta Comput., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 634 (2008) ("The Intel Products embody the *essential features of the LGE Patents* because they carry out all the inventive processes when combined, according to their design, with *standard components*." (emphases added)).

This Court's decision in *Quanta* provides useful guidance for evaluating the relative importance of components of a patented invention for a § 271(f)(1) analysis. *Compare id.* at 621 ("In this case, we decide whether patent exhaustion applies to the sale of *components of a patented system* that must be combined with *additional components* in order to practice the patented methods." (emphases added)), *with* 35 U.S.C. § 271(f)(1). Although the issue in *Quanta* was whether downstream sales exhausted rights in method claims, the analysis involved identifying essential features of the claimed inventions as embodied in the articles sold.

In *Quanta*, the Court evaluated a claimed invention that included the components of an inventive microprocessor or chipset (the "Intel Products") as well as a conventional memory and a conventional data bus. *Quanta*, 553 U.S. at 623, 633-34. Upon reviewing the asserted patents, the Court concluded that the Intel Products constituted the "essential features" of those patents. *Id.* at 633-35. The Intel Products "substantially embodied" the patents because "the inventive part of the patent is not the fact that memory and buses are combined with a microprocessor or chipset; rather, it is included in the design of the Intel Products themselves and the way these products access the memory or bus." *Id.* ("Everything inventive about each patent is embodied in the Intel Products."). Thus, the Court held that Quanta's purchase of the Intel microprocessors exhausted the patent rights that LG had licensed from Intel, even though Quanta needed to combine the Intel microprocessors with other conventional components to complete the claimed invention. *Id.* at 624-25, 633-35.

This guidance on when particular component(s) "substantially embody" a claimed invention is instructive for determining when a component is a "substantial portion" of the components of a claimed invention under § 271(f)(1).

Consider, for example, a hypothetical claim with three components: (1) an innovative microprocessor, (2) a conventional memory, and (3) a conventional data bus. Under a strictly numerical interpretation of "substantial portion" in § 271(f)(1) that requires the supply of multiple components, one

who supplies only the innovative microprocessor would never infringe. Such a result would create a stark inconsistency with this Court's holding in *Quanta*. *Id.* at 637 (concluding that "making" the Intel Products was, for exhaustion purposes, "no different from making the patented article itself").

Courts should also look to the specification as the best guide for providing context for the relative significance of the supplied component(s). For example, supplied component(s) may be important because they embody the "essential features" of the invention, or they may be important merely in the sense that the patented invention might not "work" without them. The specification will often distinguish between these degrees of significance. In *Quanta*, for example, the patented invention likely would not have functioned without the conventional data bus. *Id.* at 635. But this does not mean that the bus is necessarily a "substantial portion" of the claimed invention and does not elevate the bus to equal standing with the Intel Products, which, by themselves, embodied "[e]verything inventive" about the patented invention. *Id.* at 633-35 ("Naturally, the Intel Products cannot carry out [their] functions unless they are attached to memory and buses, but those additions are standard components in the system, providing the material that enables the [Intel Products] to function.").

Consistent with the guiding principle that claims are interpreted in view of the specification of which they are a part and the Court's analysis in *Quanta*, the Court should hold that § 271(f)(1) requires consideration of the importance of the

supplied component(s) relative to the applicant's disclosure in his specification. Such an analysis will provide accurate insight into whether the supplied component(s) rise to the level of a "substantial portion of the components of a patented invention." 35 U.S.C. § 271(f)(1). As part of that analysis, courts can also consider the number of supplied components, but that number should not be a gating or determinative factor. Were the Court to hold otherwise and adopt a rigid numerical test, a party could avoid § 271(f)(1) infringement despite supplying an inventive component that is effectively "no different from [supplying] the patented article itself." *Quanta*, 553 U.S. at 637; *see also Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016) (rejecting a rigid test that would permit "someone who plunders a patent" to escape comeuppance).

C. A Bright-Line Test for Infringement Under 35 U.S.C. § 271(f)(1) Based on the Number of Supplied Components Is Inconsistent with the Court's Recent Precedent

Over the past decade, this Court has consistently guided judicial interpretation of the U.S. patent laws away from rigid, talismanic tests that conflict with flexible statutory language. This case presents another version of the same issue, asking the Court to consider whether supplying "a single, commodity component of a multi-component invention from the United States is an infringing act under 35 U.S.C. § 271(f)(1)." *See* Pet. at i.

In *KSR International Co. v. Teleflex Inc.*, for example, this Court criticized the "rigid and mandatory formula[]" of the Federal Circuit's teaching, suggestion, or motivation test for obviousness. 550 U.S. 398, 415 (2007). In rejecting the Federal Circuit's application of its obviousness test, this Court reiterated the proper "expansive and flexible" approach to obviousness permitted by the statute, 35 U.S.C. § 103. *Id.*

Likewise, this Court rejected as "unduly rigid" the Federal Circuit's standard for awarding attorney's fees in exceptional cases under 35 U.S.C. § 285. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1755-56 (2014). The framework imposed by the Federal Circuit conflicted with the flexible statutory language of § 285, which provides district courts with leeway to exercise their equitable discretion when determining whether cases rise to the level of "exceptional." *Id.*

And just this year, relying on *Octane Fitness*, the Court rejected as "unduly rigid" the Federal Circuit's test for enhanced damages under 35 U.S.C. § 284. *Halo*, 136 S. Ct. at 1932. The Court criticized the imposition of a showing of objective recklessness for enhanced damages because it "[made] dispositive the ability of [an] infringer to muster a reasonable (even though unsuccessful) defense . . . , even if he did not act on the basis of the defense or was even aware of it." *Id.* at 1933 (disapproving of a standard under which "someone who plunders a patent—infringing it without any reason to suppose his conduct is arguably defensible—can nevertheless escape any comeuppance under § 284 solely on the

strength of his attorney's ingenuity"). The Court thus confirmed the statute's grant of discretion to district courts to award enhanced damages, unburdened by the mechanistic, rigid test previously employed.

Consistent with these recent admonitions to avoid bright-line rules, the Court should decline to impose a strictly numerical standard for infringement under § 271(f)(1). Such a test would improperly impose an "inflexible framework onto statutory text that is inherently flexible." *Octane Fitness*, 134 S. Ct. at 1756. As it did with respect to the obviousness, attorney's fees and enhanced damages statutes, this Court should require a flexible analysis for determining whether an accused infringer's actions meet the standards of § 271(f)(1), i.e., whether an accused infringer has supplied a "substantial portion" of the claimed invention's components and actively induced a combination that would infringe if it occurred in the United States.

D. A Qualitative Analysis under § 271(f)(1) Is Consistent with the Presumption that U.S. Law Has No Extraterritorial Application

Any concern that the Federal Circuit's interpretation of § 271(f)(1) runs afoul of the presumption against the extraterritorial application of U.S. law is unfounded.

It is undisputed that patent laws may not directly regulate acts beyond the territorial limits of the United States. This proposition was applied in

Deepsouth, where the patent owner sought to extend an injunction to acts outside of the United States. It is also undisputed that Congress responded to that decision by changing the law to specifically address the harm to patent owners presented in the *Deepsouth* case.

Observing the territorial limits of U.S. laws, Congress enacted § 271(f)(1) with deliberately and carefully crafted language to penalize certain domestic conduct in support of extraterritorial acts rather than the extraterritorial acts themselves. Thus, the statute addresses the domestic act of "supplying" components from the United States "to actively induce the combining of such components outside the United States." The inducement is limited to combining "that would infringe the patent if such combination occurred within the United States."

This statutory scheme was not criticized in *Microsoft* as an extraterritorial application of U.S. law. Rather, that decision criticized the "expansive interpretation" of the statute to broaden the meaning of "components" to include software independent of its embodiment. The consequence of such an interpretation, according to the Court, would permit a single domestic supply of the software to be the basis of repeated infringements with every foreign act of copying and installing the software on computers abroad. *Microsoft*, 550 U.S. at 456. Such activity, the Court concluded, is governed by foreign law, not U.S. law.

An interpretation of § 271(f)(1) that requires a qualitative appraisal of what is supplied from the United States is readily distinguishable from the interpretation criticized in *Microsoft*. Far from an "expansive" interpretation of the statute, this interpretation hews closely to the provision's text and legislative history.

Interpreting § 271(f)(1) to require a qualitative assessment, in addition to considering the number of supplied components, also reflects the practical considerations of applying the law to patent practice and ensures that courts will not lightly impose worldwide infringement liability on accused infringers. Under a qualitative assessment, courts should consider all relevant factors regarding an accused infringer's conduct in supplying component(s) of a patented invention abroad. Among other things, a court could consider whether: (1) the portion of component(s) supplied by an accused infringer is "substantial" in light of the patent claims and specification; (2) the component(s) are commodities; and (3) the accused infringer actively induced the extraterritorial combination in a manner that would infringe if such combination occurred in the United States. By conducting this comprehensive analysis, courts will be able to ensure that worldwide damages for § 271(f)(1) infringement are not lightly granted, and also have the authority to impose § 271(f)(1) infringement liability in particular cases in which a single (and perhaps commodity) "component" is supplied by an accused infringer.

IV. CONCLUSION

AIPLA urges the Court to hold that an infringement determination under § 271(f)(1) requires an analysis of all relevant factors, including (1) whether the portion of component(s) supplied by an accused infringer is "substantial" in light of the patent claims and specification, both qualitatively and quantitatively; (2) whether the component(s) are commodities; and (3) whether the accused infringer actively induced the combination of the supplied component(s) outside the United States in a manner that would infringe if such combination occurred in the United States.

Respectfully submitted,

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